

August 26, 2011

To: Executive Board

Subject: **2011 Legislative Summary**

Recommendation

Receive and file the August 2011 Legislative Summary. Adopt a support position on AB 1097.

Analysis

A summary of state and federal legislation and its status is attached. Board members should note that staff recommends a **support position on AB 1097 (Skinner)**.

AB 1097 would require the Secretary of the Business, Transportation and Housing Agency to authorize a state or local agency receiving federal funds for transit purposes to provide a bidding preference to a bidder if the bidder meets or exceeds Buy America requirements applicable to federally funded transit projects. Existing federal guidelines preclude state transit agencies that receive federal funds from crediting American-made products and manufacturing at a greater than 60 percent level unless a state Buy American provision exists in statute that is more stringent than Federal Transit Administration (FTA) standards. The State of California currently has no such preference law. By authorizing transit agencies to assign more credit to bidders that use a higher percentage of domestic content than federal guidelines require, this bill may assist in stimulating more manufacturing in this country to support transit needs and create jobs in the United States and California.

On June 29, Democrats in both houses of the Legislature approved a majority-vote budget after failing to secure Republican support for tax extensions (Vehicle License Fee, 1% State sales tax, and .25% Personal Income Tax surcharge). On June 30 Governor Brown subsequently signed the package, which relies on an additional \$4 billion of revenues materializing by January 2012. If revenues do not materialize, the package contains triggers for additional cuts, mainly to Education and Health and Human Service programs.

The good news is that transportation funding is generally unchanged from the package adopted in March. The Legislature reconvened on August 15 after a one month summer district work period and will have until September 9 to conclude all legislative business. The Governor has a deadline of October 9 to take action on all bills passed by the Legislature.

In Washington, D.C. on August 2 President Obama signed legislation to raise the nation's debt limit, meeting a necessary deadline for the United States to protect the full faith and credit of the U.S. government and avoid default on some of its obligations. The Budget Control Act of 2011 passed the House on August 1 by a broad bipartisan vote of 269 to 161 and passed the Senate by a similar bipartisan margin of 74 to 26. Upon passage, Members of Congress headed home for the August district work period.

The Act sets statutory caps on discretionary spending for Fiscal Year (FY) 2012 and FY 2013 at levels similar to those provided in FY 2011 (allowing for a minimal inflationary adjustment), and with separate discretionary spending caps for two categories: security and non-security.

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Automatic spending reductions are also required in the event that Congress provides appropriations that exceed the capped levels. The Act also creates a bipartisan, bicameral Joint Select Committee on Deficit Reduction and tasks it with the goal of reducing the deficit by \$1.5 trillion over the period through FY 2021.

An initial analysis of the Act reveals no specific impact on transportation accounts or the Highway Trust Fund/Mass Transit Account (HTF/MTA). Spending authority from the HTF/MTA is treated as mandatory spending, and thus not subject to the discretionary spending caps set forth in the Act. The Act does not provide for any additional revenues, to any federal accounts, and thus does nothing to ensure the solvency of the HTF/MTA. As a result, the scenario facing House and Senate transportation authorizing committees remains unchanged. It is expected that House Transportation and Infrastructure Chairman John Mica will proceed with his six-year bill at revenue-constrained funding levels. The leadership of the Senate Environment and Public Works (EPW) Committee, which has jurisdiction over the federal highway program, has proposed a two-year authorization bill that funds transit and highway programs at current levels, but is not clear how the Act will affect efforts to raise the estimated \$12 billion needed to fund that bill.

With regard to the annual appropriations process, the discretionary spending levels set forth in the Act do provide slightly higher levels than those provided to the House Appropriations Committee under the House Budget Resolution. That additional discretionary spending will be reallocated to the appropriations subcommittees once Congress returns from recess in September, but it is not known at this time which subcommittees may benefit from the increased allocations. However, it is important to note that the most significant discretionary spending cuts mandated by the Act will not be implemented before 2014.

Financial Impact

AB 1097 will have no direct impact on the Foothill Transit budget

Sincerely,



David Reyno
Director of Government Relations



Doran J. Barnes
Executive Director

2011 Legislation Summary

Current as of 8/12/2011

(Amendments and Bills with updated status or requesting action are indicated in **bold**)

Bill No.	Author	Analysis	Potential Impacts	Location	Outside Agency Positions	Recommended Position
AB 147	Dickinson	Existing law under the Subdivision Map Act authorizes cities and counties to charge developer fees to defray the costs of infrastructure improvements to support development projects. Development impact fees levied under the Subdivision Map Act are charged as a condition of approval of a final map or building permit. Current law limits the use of these fees for the mitigation of traffic impacts to bridges and major thoroughfares. AB 147 would authorize a local agency to also use this fee for transit, bicycle, and pedestrian facilities.	This bill could mean more local money provided to Foothill Transit for facility construction.	Senate Committee on Governance and Finance	CTA - Support	Support Position Adopted 3/25/2011
AB 345	Atkins	Would require the Department of Transportation (Caltrans) to ensure that any committee or formal group of the California Traffic Control Devices Committee (CTCDC) includes representation from all users of the road, including public transit, thereby improving the implementation of complete streets policies.	This bill will make certain that the interests of state public transit agencies including Foothill Transit are represented on the CTCDC.	Senate Committee on Appropriations	CTA - Support	Support Position Adopted 5/27/2011
AB 485	Ma	Would provide an optional financing mechanism to allow transit agencies greater incentives and opportunities to explore transit-oriented development (TOD) options with local governments. Furthermore, if a city or county wishes to pursue a TOD project with a local transit agency within an existing "transit village development district," they may pursue an agreement setting forth the conditions by which bonds could be issued to develop and make improvements to a specific transit station.	This bill would provide Foothill Transit greater opportunities to work with our member cities and the County to pursue transit oriented development partnerships.	Senate Committee on Governance and Finance	CTA - Support	Support Position Adopted 4/27/2011
AB 650	Blumenfeld	This bill would establish the Blue Ribbon Task Force on Public Transportation for the 21st Century and would require the task force to be comprised of 12 specified members appointed by the Senate Committee on Rules and the Speaker of the Assembly by March 31, 2012. The bill would require the task force to prepare a written report that contains specified findings and recommendations relating to the current state of California's transit system, the estimated cost of creating the needed system over various terms, and potential sources of funding to sustain the transit system's needs, and to submit the report by March 31, 2013, to the Governor and other key legislative bodies.	We understand that members of the environmental community will have a role on the Task Force which brings an important voice for transit into the mix who has not been actively involved previously.	Senate Committee on Appropriations	CTA -- Support LA Metro - Support	Support Position Adopted 3/25/2011
AB 1097	Skinner	Would require the Secretary of the Business, Transportation and Housing Agency to authorize a state or local agency receiving federal funds for transit purposes to provide a bidding preference to a bidder if the bidder meets or exceeds Buy America requirements applicable to federally funded transit projects.	Existing federal guidelines preclude state transit agencies that receive federal funds from crediting American-made products and manufacturing at a greater than 60% level unless a state Buy American provision exists in statute that is more stringent than Federal Transit Administration (FTA) standards. The State of California currently has no such preference law. By authorizing transit agencies to assign more credit to bidders that use a higher percentage of	Senate Appropriations	CTA -- Support	Support